

**THE CONUNDRUM OF A BANK'S CSR PROGRAM
A CASE STUDY OF "KAMPOENG BNI" IN RAWA
BELONG AREA, JAKARTA**

RIZKY WISNOENTORO

UNIVERSITI SAINS MALAYSIA

2016

**THE CONUNDRUM OF A BANK'S CSR PROGRAM
A CASE STUDY OF "KAMPOENG BNI" IN RAWA
BELONG AREA, JAKARTA**

by

RIZKY WISNOENTORO

**Thesis submitted in fulfillment of the requirement
for the degree of
Doctor of Philosophy**

March 2016

ACKNOWLEDGMENT

In the name of Allah, Most Gracious, Most Merciful. With the completion of this PhD thesis, allow me to humbly express my utmost gratitude to:

1. Allah Almighty who holds my soul, and Allah's Apostle, Muhammad (PBUH) whose thoughts have given me the audacity to overcome all of the hinderances in life.
2. My son Fadil Artie Wisnoentoro (the future Ph.D., in shaa Allah) and his graceful mom Astrie Kartika, S.Si., M.Si.; my everything, who always stand on my side when I am down and to whom I share my happiness in life and in the hereafter (in shaa Allah).
3. My dad Drs. Gatot Wisnoentoro - my mom Ibu Iviaty; my father in law Capt. Sigit Triyono, SE., MM. - my mother in law Dr. Ir. Endang Sri Widiastuti, MM; my sister Resta Wisnoentoro, SE.; my sister in law Astrie Kirana, S.Si., M.Si.; my brother in law Widhi Widagdo, STP. Also my uncle Arief Bidjaksana, SE., CA. - and my aunty Yunita Hiriyudani, SE., CFA.; and all the extended families that I could not mention in detail within such a limited space. May God witness how I admire them sincerely.
4. My thesis supervisors: Assoc. Prof. Reevany Bustami (initial supervisor), and Assoc. Prof. Jamilah Ahmad (co-supervisor); as well as all of the honorable resource persons in Bank BNI and Rawa Belong that I can't mention in detail within such a limited space.
5. The *Gurus* from whom I personally learned a lot: Emeritus Prof. Bruce Lawrence (Duke University), Prof. Jude William Genilo (ULAB), Prof. Bambang Shergi Laksmono (UI), Prof. Dejan Vercic (Ljubljana University), Prof. Deddy Mulyana (UNPAD), Prof. Saleh Syafradji (LSPR/UNBRAU), Prof. Suparman Ibrahim (UNINDRA), Prof. Nizam Jim Wiryawan (UNINDRA), and Prof. Hafid Abbas (currently the Chairman of Indonesian National Commission on Human Rights).

TABLE OF CONTENTS

	page
Acknowledgment	ii
Table of Contents	iii
List of Pictures	ix
List of Tables	x
List of Figures	xi
Abstrak	xii
Abstract	xiii
CHAPTER ONE - INTRODUCTION	
1.1. Corporate Reputation and The Need of CSR	2
1.2. Company's Need for Doing Good	7
1.3. Image Restoration of BNI and The Role of CSR	9
1.4. Problem Statement	12
1.5. Research Objectives	18
1.6. Significance of the Study	18
1.7. Chapters Outline	19
CHAPTER TWO - LITERATURE REVIEW	
2.1. Introduction	26
2.2. The Social Construction of Reality	27
2.3. Public Relations' Coorientation Model	31
2.4. CSR Conception in Contemporary Communication Studies	35
2.4.1. The Development of CSR Conception	36

2.4.1.1. The Early Stage Studies & The Stakeholder Studies	36
2.4.1.2. CSR & Sustainability	41
2.4.1.3. CSR & Morality in Management	43
2.4.2. Categorization of Studies That Linked CSR & Communication	45
2.4.2.1. Studies of CSR in Marketing/Business Communication	46
2.4.2.2. Studies of CSR in Reputation Management	50
2.4.2.3. Studies of "Communicating CSR" and Others	60
2.5. Review of the Studies of CSR in Conventional and Islamic Banking Industries	68
2.5.1. Studies of CSR in Conventional (Non-Islamic) Banking Industry	69
2.5.2. Studies of CSR in Islamic Banking Industry	83
2.6. Critiques & Theoretical Vacuum	87
2.7. Review of Previous Research on BNI	91
2.8. Discussion of CSR Regulations in Indonesia	95
2.8.1. The Issue of Poverty and Poverty Alleviation	95
2.8.2. The Incorporation of CSR Concept in Indonesian Regulation	98
2.8.3. The CSR Obligation for Business Entities in Indonesia	99
2.8.4. Understanding Interactivity That Leads to The Concept of CSR Interactivity	104
2.9. Key Concepts	106

CHAPTER THREE - RESEARCH METHODOLOGY

3.1. Introduction	115
3.2. The Qualitative Perspective	116
3.3. Research Dimensions: Case Study Research in Qualitative Approach	119
3.4. The Digest of Some Philosophical Arguments in Qualitative Research	125

3.5. Determining "The Case" & "The Sample" of This Thesis	129
3.5.1. The Case	129
3.5.2. The Sample	131
3.6. Criteria of Resource Persons / Informants	140
3.6.1. The Resource Persons / Informants	140
3.6.2. The Key Resource Persons / Key Informants	141
3.7. Data Generation Method / Technique in This Thesis	142
3.7.1. Interview (In-Depth Interview)	142
3.7.2. Field Observation (Participatory Observation)	143
3.7.3. Internet Search and Document Analysis	145
3.8. Data Generation Procedure	145
3.9. Data Analysis Technique	148
3.10. The Strategy To Ensure Authenticity and Trustworthiness (Reliability and Validity in Qualitative Research)	152
3.11. Research Site	154

CHAPTER FOUR - THE CONFLICTING INTERPRETATION OF *HARGA DIRI* (THE DIGNITY) BETWEEN BNI AND RAWA BELONG VILLAGERS

4.1. Introduction	156
4.2. The Vantage Point of BNI	157
4.2.1. The Dignified History of BNI	157
4.2.2. Some Significant Years of BNI	159
4.2.3. Recent Awards and Achievements of BNI (Up to the writing of this thesis)	163
4.3. The Vantage Point of Rawa Belong Villagers	165

4.3.1. The Characteristics of Rawa Belong	165
4.3.2. The 'Home Base' of Kiyai (Religious Leaders)	171
4.3.3. The Home of "Jawara" (Martial Arts Masters), Especially Si Pitung	175
4.3.4. One of the Largest Flower Markets In The Region: Pasar Kembang	184
4.3.5. Multiculturalism in Rawa Belong	191
4.3.6. The Anxiety of Being Deprived	194
4.4. Reflection on the Conflicting Interpretation of ' <i>Harga Diri</i> ' (The Dignity) Between BNI and Rawa Belong Villagers	200

CHAPTER FIVE - THE CONFLICTING INTERPRETATION OF KAMPOENG BNI IN RAWA BELONG

5.1. Introduction	206
5.2. The Vantage Point of BNI	208
5.2.1. Corporate Community Responsibility, The Initial CSR of Bank BNI	208
5.2.2. The Program: "Kampoeng BNI"	210
5.2.3. CSR As A Reputation Enhancer for BNI	216
5.2.3.1. Awards related to "Kampoeng BNI"	217
5.2.3.2. Enhancing the positive Government Relations	218
5.2.3.3. Positive Media Coverage	219
5.2.4. The Intercultural Challenge: Public Resistance Based on Culture	221
5.2.4.1. Cultural Resistance of "Kampoeng" in Kamasan	221
5.2.4.2. A More Challenging Cultural Resistance in Rawa Belong	223
5.2.5. The Challenge of Social Dynamics in Rawa Belong	224
5.2.5.1. The Villagers Pressure and the Anxiety To Deal With Local Authorities	227

5.2.5.2. The Immense Need for Branding	230
5.3. The Vantage Point of the Impacted Publics in Rawa Belong	232
5.3.1. The <i>Betawi</i> Villagers who Reject Kampoeng BNI	233
5.3.1.1. Disrespect and Unacceptable Conduct: Changing The Name of The Village	233
5.3.1.2. The Problematic "Entry Sign Gate" (Known As " <i>Gapura</i> ")	236
5.3.1.3. Political Economic Motive (Finding Customers Is The Motive-In-Disguise)	237
5.3.1.4. The Villagers' Anxiety on Local Authorities	240
5.3.2. Business-Oriented <i>Betawi</i> Traders	242
5.3.3. The Disappointed Non- <i>Betawi</i> Traders	243
5.3.4. The "Know-Nothing" People	246
5.4. The Villagers' Hope	248
5.5. The Reflection (Theoretical Contribution)	250
5.5.1. The Stakeholder Engagement and Indigenous Narrative	250
5.5.2. The Clash of Dignity (The Vantage Point of Coorientation Model)	251
5.5.3. Questioning The Studies of CSR In Marketing/Business Communication	257
5.5.4. Pseudo CSR	261
5.5.5. The Categorization of The Field Data	264
5.5.6. The Illustration of "CSR Interactivity"	288
 CHAPTER SIX - CONCLUSION & RECOMMENDATION	
6.1. Introduction	300
6.2. Conclusion	301
6.3. Recommendation	306
6.3.1. Practical Recommendation	306

6.3.2. Recommendation for Further Research	309
REFERENCES	275

LIST OF PICTURES

	page
Picture 4.1. The headquarter office of BNI	164
Picture 4.2. The atmosphere of Rawa Belong area	168
Picture 4.3. Jalan Yusuf (Yusuf Street) in Rawa Belong	168
Picture 4.4. Some examples of Masjid and Majlis Ta’lim	172
Picture 4.5. The visuals of “Sanggar Si Pitung” in Rawa Belong	179
Picture 4.6. Pak Bachtiar in Sanggar Si Pitung	181
Picture 4.7. The “Jawara”, the martial arts masters of Betawi	182
Picture 4.8. Pasar Kembang Rawa Belong (Rawa Belong flower market)	188
Picture 4.9. The stalls in Pasar Kembang	190
Picture 4.10. “Ondel-ondel”, the traditional puppet from Betawi	191
Picture 4.11. A florist from West Java (outside Jakarta)	192
Picture 4.12. “Denrobium” from Thailand	192
Picture 5.1. The entrance of Jalan Sulaiman (Sulaiman Street)	236
Picture 5.2. The entrance of Pasar Kembang (flower market)	237

LIST OF TABLES

	page
Table 2.1. Summary of issues and scholars in the Studies of CSR & Marketing/Business Communication	50
Table 2.2. Summary of issues and scholars in the Studies of CSR & Reputation Management / Public Relation / Corporate Communication	60
Table 2.3. Summary of issues and scholars in the Studies of Communicating CSR; and Other Fields that link CSR & Communication	68
Table 2.4. Key Concepts	114
Table 3.1. The Characteristics of Qualitative Research	119
Table 3.2. The resource persons found in Bank BNI	134
Table 3.3. The resource persons (key informants) found in Rawa Belong	136
Table 3.4. The resource persons (informants) found in Rawa Belong	139

LIST OF FIGURES

	page
Figure 2.1. Coorientation model	33
Figure 2.2. Stakeholder theory of the firm (Crane and Matten)	39
Figure 3.1. The flow of data analysis	150
Figure 4.1. Map of Rawa Belong1	166
Figure 4.2. Map of Rawa Belong2	167
Figure 5.1. The grand design of "Kampoeng BNI"	212
Figure 5.2. The scheme of work PK (Program Kemitraan / Partnership Program)	214
Figure 5.3. The illustration of Kampoeng BNI	215
Figure 5.4. The Clash of Views of Kampoeng BNI from the Vantage Point of Coorientation Model	254
Figure 5.5. Illustration of CSR Interactivity: The drivers of Perceptions and Typology of The Public	292

**PERMASALAHAN PADA PROGRAM CSR SEBUAH BANK
SEBUAH KAJIAN KES TERHADAP "KAMPOENG BNI" DI KAWASAN
RAWA BELONG, JAKARTA**

ABSTRAK

Thesis ini membincangkan permasalahan sebuah program CSR dari Bank BNI di Indonesia dengan nama program "Kampoeng BNI" pada kawasan Rawa Belong (Jakarta, Indonesia). Tujuan dari penyelidikan ini adalah: 1. Untuk menganalisis persepsi pegawai BNI terhadap program Kampoeng BNI, mengikut konteks pada Rawa Belong; 2. Untuk menganalisis persepsi dari masyarakat yang terkena kesan dari Kampoeng BNI di Rawa Belong; termasuk pemimpin komuniti, peniaga, dan masyarakat awam; 3. Untuk memetakan pelbagai naratif, berkaitan dengan penduduk asli atau sebaliknya, dan membina satu rangka kerja interaktiviti CSR antara BNI dan masyarakat di Rawa Belong. Menggunakan kaedah kajian kes kualitatif, dan referensi dari teori Social Construction of Reality, teori Co-Orientation, dan kajian mengenai CSR, penyelidikan ini menghasilkan beberapa hal penting. Pertama, para pegawai BNI terlihat percaya diri dengan reputasi yang telah ditubuhkan oleh syarikat dan program Kampoeng BNI sendiri. Kedua, masyarakat di Rawa Belong terbagi ke dalam pelbagai jenis dan dikategorikan ke dalam beberapa tipe. Ketiga, ilustrasi Interaktiviti CSR telah dibina bagi menyediakan satu rangka kerja yang mengandungi pendorong persepsi antara syarikat (Bank BNI, yang ditunjukkan melalui para pegawainya) - termasuk mengenai hal 'Pseudo CSR'; dan keempat tipe masyarakat yang terkena kesan CSR iaitu: The Guardians of Indigenous Narratives (para penjaga naratif asli/lokal); The Negotiators (para perunding); The Beneficiaries (para penerima); dan The Safety-Seekers (para pencari selamat). Ilustrasi tersebut adalah sumbangan utama tesis ini ke arah pengetahuan CSR secara keseluruhan. Sebagai tambahan, thesis ini juga mempersoalkan penggunaan CSR sebagai sebagai alat penjenamaan atau publisiti.

THE CONUNDRUM OF A BANK'S CSR PROGRAM
A CASE STUDY OF "KAMPOENG BNI" IN RAWA BELONG AREA,
JAKARTA

ABSTRACT

This thesis discusses the conundrum of a CSR program conducted by Indonesia's Bank BNI with a program name "Kampoeng BNI" in Rawa Belong area (Jakarta, Indonesia). The objectives of this research are: 1. To analyze the perception of the BNI officials towards the program Kampoeng BNI, especially in the context of Rawa Belong; 2. To analyze the perception of the impacted public in Rawa Belong; including the community leaders, the traders, and the public at large; 3. To map out the various narratives, indigenous or otherwise, and construct a framework of CSR interactivity between BNI and the public of Rawa Belong. Adopting the qualitative case study method, and with reference to Social Construction of Reality, Co-Orientation theory, and the studies in CSR, this research found some important results. First, BNI officials are confident with the well-established reputation about the company and the program of Kampoeng BNI itself. Second, the publics of Rawa Belong are diverse and categorized into several types. Third, the illustration of CSR Interactivity has been constructed to provide a framework that contains the drivers of perceptions between the company (Bank BNI, manifested by the BNI officials) - including the aspect of 'Pseudo CSR', and the four types of impacted publics (in Rawa Belong): The Guardians of Indigenous Narratives; The Negotiators; The Beneficiaries; and The Safety-Seekers. Indeed, the illustration of CSR Interactivity itself is a substantial contribution of this thesis towards the CSR knowledge as a whole. Furthermore, the analysis of findings calls into question about utilizing CSR as a tool of branding or frontal publicity.

Chapter One

Introduction

In Indonesian context, the implementation of Corporate Social Responsibility (further called as 'CSR' in this thesis) seems to be a complex array that involves several aspects. The fact that CSR is mandated by the law is an example that obliges companies to enact CSR. Furthermore, the CSR program itself is inextricably related with the repercussion effect of image making and the sense of branding sought by a company when a program is implemented in the field. Nonetheless, one of the intriguing hassles that may possibly turn up is when the core CSR program itself does not match with the local perspectives (including local wisdoms such as values and norms); most especially in the multicultural society where contestation of cultures can possibly bring the sensitive feeling of anxiety among the less dominant one(s).

Indonesian banking industry is one of those who cannot get away from the euphoria of CSR jargons in the country where hundreds of ethnic groups live in. Commonly divided into two main lines of business (Islamic banking and conventional (non-Islamic) banking), the Indonesian banks are obligated by the so called 'supra structure' to implement their CSR programs - both ethically and legally (mandated by the law). Most especially, the state owned banks such as Bank BNI. Notwithstanding, this thesis is focused on analyzing Bank BNI's CSR program named Kampoeng BNI which is different from the CSR program of its Islamic subsidiary bank (BNI Syariah).

The program of Kampoeng BNI appeared to be successful nationwide, in terms of attracting the potential business sustainability as well as the branding effect for the bank in the long run. However, the hassles turned up in the process of interaction between company officials and its impacted publics in Rawa Belong area. The company's intention, in this case, did not fit with the important local / indigenous beliefs, let alone the perceptual problems among the beneficiaries (mainly the flower traders). Therein this thesis, the researcher tries to look at the dynamics within the interactivity - including the stakeholder engagement - between BNI and its impacted public on Kampoeng BNI.

1.1. Corporate Reputation and The Need of CSR

Fombrun (2005), described that companies race for more sophisticated CSR programs as the standard of CSR is evolved. Thus, they may seek for the intangible benefits from CSR awards which - just like "the Oscar" in entertainment industry - turns media attention. At this point, media publicity appears to be one of the significant attractions for companies in conducting CSR.

There is an immense example that is related with the essential case of this thesis. The official news office of Indonesia, ANTARA, wrote an article about a launching event of CSR program from Bank BNI aimed for the fishermen in around Jakarta. Cited and published by Yahoo.com (that made it reach wider base of audience)¹. Through its CSR program, as it was written in the news article, BNI granted some amount of funds

¹ The article had intrigued a national and international prominence in favor of company's image, when the larger scope of public awareness on this event was reached through the internet link: <http://id.berita.yahoo.com/menteri-kelautan-akan-perbaiki-sistem-pelayanan-pelabuhan-085029150.html> (accessed on 4 Sept 2012; 14:00 JKT)

and conducted the capacity building program to help fishermen to develop their skills. This program was aimed to support the fishery programs of the Indonesian government. Furthermore, the article also boiled the readers with convincing data about how determined BNI was in implementing the CSR. Per April 2012, for instance, the bank have spent Rp 282 billion in total (nearly USD 28.200.000) for the CSR activities in Subang (West Java), Imogiri (Yogyakarta), Ogan Ilir (South Sumatra), Klungkung (Bali), Solok (West Sumatra). In the context of reputation management at large, as well as the reputation risk management in banking industry, the positive tone in the article above is such a respectable contribution to the shape the image of Bank BNI.

In practical view, both publicity and profit appear to be some of the most dreamed aspects by every company. The article above has also indicated an implicit-but-immense need for publicity and profit that converge into an effort to shape the company's image and reputation. Besides applying the hard-sell promotion activities and branding, the news also portrayed a backstage reality that companies - especially the large size corporations like BNI - are currently in need for other alternatives to gain prominence and positive impression in the eyes of the public. The concept of Corporate Social Responsibility (CSR), after it was firstly published by Howard Bowen in the era of 1950s, takes shape to be a patch to strengthen company's sustainable reputation in contemporary world.

In Indonesia, the blossom of CSR euphoria continues to grow. A reputable SWA magazine, for instance, once highlighted the CSR as their main theme with Teguh Pambudi wrote the main article. Interestingly, Pambudi argued that CSR is one of the ways to preserve creative capitalism (SWA Sembada Magazine, 2008:32) that has a

deeper meaning than just being regarded as a tool of promotion. Indeed, it is arguable to accept the idea that CSR is a utility of the so called 'creative capitalism'. However, the argument highlighting CSR not a tool of promotion is another intriguing phenomenon to be elaborated. The article reflects the practical reality whereby many companies still maintain the gray area between CSR and promotion.

In a way, concerning on the ramification of imminent needs for company's image and promotion is also interesting. It becomes an important issue because it has a potential to derail any CSR programs from its noble essence in providing the harmony of good deeds between the company and its public. In some countries like Indonesia, there comes another pressure an attribution to CSR: it is mandated by the law. Companies who refuse to obey the regulation will inevitably face a particular sanction. Meanwhile, the genuine essence of CSR - to preserve a strong linkage between company and its public - has not yet been absorbed comprehensively by the officials in the companies. Therefore, with reference to Wisnoentoro and Bustami (2011), the regulated CSR may also trigger a subsequent situation: companies are obliged to implement CSR, but they are not entirely capable in maximizing the advantage of CSR for their long term sustainability. Hence, it contributes to the misleading attributions and practices of CSR.

In terms of regulating CSR, Anne Tallontire (2007) conducted a respectable analysis on CSR and regulation with regards to private standard initiatives in the agri-food chain. In the research, Tallontire raised an important issue with respect to CSR and regulations in the developing countries, and its institutional impact to the development. In the article, Tallontire raised the debates about the assumptions behind CSR, which seem to be applicable in the context of developing country.

As a matter of fact, the situation described in Tallontire's paper has an intersection with the case happened in Indonesia. Despite its large number of citizens, Indonesia is still regarded as one of the developing countries in the world. Statistic Indonesia (the national body of statistics) reported the total population of 237,641,326 people in the 2010 census. Meanwhile in September 2012, the total number of poor people was recorded as 28,594,600².

In addition, CIA's world factbook reported that Indonesia is still struggling to overcome the problems of poverty and unemployment, inadequate infrastructure, corruption, a complex regulatory environment, and unequal resource distribution among regions. The non-bank financial sector, including pension funds and insurance, remains weak. Despite efforts to broaden and deepen capital markets, the CIA data portrayed that Indonesia remains underdeveloped. As the writing of thesis firstly started in 2009, the Indonesian economic difficulties in early 2008 described in the factbook seemed relevant as the background of the contemporary CSR implementation in Indonesia. It centered on high global food and oil prices and their impact on Indonesia's poor citizens and on the budget plan. The onset of the global financial crisis dampened inflationary pressures, but increased risk aversion for emerging market assets. It resulted in large environment for bond issuance. As global demand has slowed and prices for Indonesia's commodity exports have fallen, Indonesia faces the prospect of growth significantly below the 6-plus percent recorded in 2007 and 2008³.

² The data was gathered from an official publication of the Statistic Indonesia (national body of statistics), on the website link: bps.go.id/eng, accessed on 26 June 2013; 2:46pm KUL

³ The data was gathered from <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html#top>; accessed on 3 December 2009, 16:45 JKT. It was relevant as another additional source to enrich the official government data (from the Statistic Indonesia - the national body of statistics).

As a matter of fact, the data seemed to be inherent with the CSR regulations in Indonesia that mainly focus on the poverty alleviation. At this point, CSR enables companies to contribute to the efforts in improving the quality of the people's life. As being implicitly shown by the news article at the beginning of this chapter, companies need CSR contribution to gain prominence and long term reputation.

Subsequently, with regards to the imminent needs of companies to gain prominence, an intriguing question is 'what if the reputation was broken?' or 'what if the public lost their trust in the company, and what should the management do?' At this point, there is an undeniable fact that media plays a significant role in shaping company's image in the eyes of the public. Thus, the tone of news articles is important to shape the reputation of the company itself. Unfortunately, the negative tones seem to be much more attractive for the public, especially in the events of crisis. At this point, companies are prone to suffer such a heavy damage in their image due to the crisis. However, a damaged image can be a potential threat for the company's reputation entirely. Notwithstanding, the company must continue to tread their business, even though people start to recognize them negatively based on what they digest from the fractured reality framed by the media. CSR, in this regard, can have an important role to shape the image or restore the broken image.

In eight principles for creating and preserving integrity and profitability without selling out, as David Batstone (2003) argued, one of it is 'Transparency and Integrity'. In other words, one basic value that a company should have is the trustworthy which is shown in their transparency and integrity. Therefore, it is significant to build the trust and the loyalty of the customers. At this point, an ideal condition (which may be

enviable for companies) is when the company provides a disclosure of information to show their integrity to the public, and the public trust them in return.

With this regard, CSR is one of the ultimate ways to show the integrity in the public. Furthermore, CSR has a potential to help the company to redeem its image.

1.2. Company's Need for Doing Good

As the economy grows, many companies emerged to expand their business volume as giant corporations. The coverage of business range is getting wider and global, across countries and continents. Therefore, the international business slowly began to rise. The condition was resulted in the development of new 'empire' in the business. Subsequently, the technical business activities also literally grow across continents; and it is not without the satire impact to the environment and social life.

In 1989, for instance, the oil spill case of *Exxon Valdez* (Kotler and Lee, 2005; also Frynas, 2009) intrigued more attention among the contemporary business practitioners. They have to be more cautious with how their business is conducted. The world's history records that millions of USD spent by companies to restore the impact of any irresponsible conduct had driven some majority of businessmen (in quasi statistic) to understand an important thing: it was a big mistake to violate the environment where they live in and do the business. Furthermore, violating the environment will be resulted in damaging the future of their business sustainability itself.

Simultaneously, publics are getting more diligent and brilliantly cautious yet critical. Nowadays, they are more selective by only accepting companies who care for

the society. Henceforth, it is inevitable for company officials to be more aware to the issues on environment and social problems.

Thus, the company's conscience in other causes like street children and human rights has been greatly increased. It is, however, another development stage of company's awareness in applying CSR. Previously, as emanated by Nicholas Eberstadt (1973, in Carroll, 1977), the world's history has taught us how companies need to positively develop the ethical responsibility since the era of ancient Greece.

Nowadays, many companies are applying various kinds of program under the name "Corporate Social Responsibilities (CSR)". Indeed, it is somewhat a positive sign about the willingness among business practitioners to contribute to the development of environment / society. However, the tug of war in implementing CSR seems to have no end. The analysis of Keith Davis (1973, in Carroll, 1977), about the debate in applying CSR seems to be relevant in today's conduct with relatively the same matter: profit.

On one side, Howard Bowen's argument lead the idea that companies need CSR to preserve the long term sustainability of the public and the company itself. On the other side, Milton Friedman led the arguments against CSR, who mainly argued that every expenditure of a company must be aimed to gain return / profit. Therefore, spending the budget for CSR must be done with a prospective return rationale.

Indeed, based on the field findings, the context of this research is that companies and businessmen need CSR. Adapting to the genuine idea of Howard Bowen (Carroll, 1999), every single decision that a businessman apply, will have an impact to its surrounding communities. Therefore, companies need the community, and the community needs the companies' businesses in vice versa. At the same time the people

in community are able to buy the products of the company, for example, they support the company's business sustainability for the long term; and so the harmony is created in such a wonderful array. At this point, public acceptance is an important matter for the company. Any failure occurred in building public sympathy, may be resulted in the negative impact for the company.

1.3. Image Restoration of BNI and The Role of CSR

Back to Indonesia's Bank BNI, and the highlight of the news article from ANTARA (the Indonesian national news office) shown at the beginning of this chapter. In the eyes of public at large, it might be a common matter that a large company like BNI get positive coverage in media. Seeing its strength, as well as the large size of capitalization, some people may may not surprise that BNI can easily attract journalists whereas other smaller companies may be difficult to do so. But in the eyes of the researcher, it was intriguing to read such an article fulfilled with confidence and convincing news feed about BNI. Especially, when it is published by the Indonesian national news agency, where many other journalists often rely their source from or even duplicate it ubiquitously. Any news article released by the country's official news office often attracts other journalists or web portal editors to re-write it on their news canals / desks / rubrications. Indeed, the positive story of BNI's CSR activity may spread in a viral effect shortly. In the researcher's vantage point, it is a remarkable 'comeback' of BNI in managing their reputation.

Why was it intriguing that BNI gained prominence in media? Because previously the bank suffered a crisis that hit its rampant image in 2003. Indeed, for the bank it was a

case that reduced their profit significantly, but not the entire financial performance. However, the case largely attracted the attention of media as a big saga of corruption case at that time. After the case, the BNI's shareholders changed the members of Board of Commissioners (BOC) and the Board of Directors (BOD), as well as the logo. Sigit Pramono, a person from outside of the company at that time, took charge at the helm as the new CEO. Several actions were taken by the new management to restore the image of the Bank, bundled as a project that was called: "Navigation Map". On this issue, Wisnoentoro (2010) stated that one of the significant actions was the implementation of CSR (Corporate Social Responsibility).

As the time flows, CSR appeared to be one of the significant ways to restore the image of BNI hence to maintain the bank's reputation; let alone the media publicity on this matter. Gatot M. Suwondo, the CEO (by the time this thesis was written), seemed to concern on preserving the company's long-term reputation, especially through CSR. In 2011, the bank redeemed its image and reputation by winning the prestigious award: "Best of The Best BUMN". It was an acknowledgment for BNI as the best state-owned enterprise in Indonesia. The innovation of "Kampoeng BNI" and also "Hutan Kota" - both are the CSR programs of BNI - became one of the ultimate contributors to the award. Further, with CSR as the main added value, the bank also received many international awards and nominations. In reflection to Fombrun's work (2005), it is common when companies like BNI highlight their awards and media attention when they conduct CSR; As it is the prestigious intangible effect for their image.

In general, BNI implement a comprehensive CSR program named Corporate Community Responsibility (CCR). In compliance to the regulation of the Minister of

State-Owned Enterprises, the CCR program of BNI consists of two consecutive fields: *Program Kemitraan* (PK), or Partnership Program; and *Bina Lingkungan* (BL) or the Environment Development.

Thus, in compliance to the regulation of *Program Kemitraan* (PK) or the partnership program, BNI established a program named "Kampoeng BNI". Firstly launched in 2008, the program provides fund for small enterprises. It adopts the system of micro credit but with lesser percentage of interest rate. Hence, in their initial plan, the return of the fund from one "Kampoeng BNI" participant will be used continuously to fund the others. With this program, as the official stated, the bank does not aim for profit taking. Instead, the bank is willing to help the Small Medium Enterprises (SME) in growing their business.

In other words, the "Kampoeng BNI" program has a main purpose to help the community to run their business independently. Then, after the business is successfully grown in the long run, these villagers are presumably able to propose a regular credit disbursement from BNI. Therefore, it is essentially designed to help the entrepreneurs from middle-low segment to grow their business, and at the same time to guarantee the bank's sustainable business in the long run.

In contrast to the dazzling awards and publicities that BNI already gained through its CSR program, there is an interesting phenomenon in one of the Kampoeng BNI areass: Rawa Belong. On one side, from the bank's officials vantage point, the resistant local villagers as well as the cultural hinderances have encumbered the bank with some complexities. So the bank's officials have to face a challenging process to interact with the public in this area; whereas the other areas are relatively successful.

On the other side, heirs to their dignified root of history, the local villagers in Rawa Belong maintain their resistance. Nonetheless, this phenomenon intrigued the researcher to explore the case first hand. In a wider view, this research fills the gap between the study of Corporate Social Responsibility from the vantage point of business ethics, vis a vis the reputation management in the field of Public Relations.

1.4. Problem Statement

In the atmosphere of multicultural atmosphere and contestation among the cultures, this thesis puts an attempt to study about the conundrum of a CSR implementation in a large-size-state-owned bank in the country. It highlights an unsolved conflict situation (up to the moment this thesis was written) between the officials and some parts of the impacted publics in the area of Rawa Belong; which intrigued other subsequent problems with other parts of the impacted publics at large. Indonesia is a multicultural country with a contestation among the cultures inside. Therefore, it is inevitable for any company to conduct CSR program in Indonesia to anticipate the repercussion effect of the cultural frictions.

A respective scholar J.J. Errington portrayed the multicultural context of Indonesia reflected from the number of ethnic languages. In 1992, he revealed that Indonesia has developed rapidly and consists of more than 400 languages inside. As he stated below:

Fifty years ago Indonesian, like it's nation, was no more than a colonial intelligentsia's project; now it is the fully viable and universally acknowledged language of a nation of 190 million people, most of whom speak natively one of four hundred or so distinct ethnic languages. (Errington, 1992)

Errington's paper then analyzed the contestation of socio-cultural aspect in the history of Bahasa Indonesia as Indonesian national language (during the administration of President Soeharto). Thus, it relates with the contestation of ethnic languages indicated by Java as a dominant ethnic (especially in the era of President Soeharto); as well as the need for interethnic communication that have provided Indonesian (Bahasa Indonesia) as obvious linguistic means in more heterogeneous provinces (outside Java island). The paper further revealed a hidden ethnic contestation in Indonesia (especially in the era of President Soeharto's New Order) ultimately between the cultures of Java and non-Java. However, the intrusion of transnational modernization effect made the country became more heterogeneous. As he stated below:

The state thus finds itself in an ambiguous position with respect to effects of modernization: images of sexuality, gender relations and family, fashions, music, clothing, and much else. Incipient middle class consumerism, essential for the practice and ideology of development, is giving rise to social change which is exogenous, undomesticated, and viewed with apprehension by those in the New Order concerned to preserve traditional political, moral, and cultural values. This circumstance may have been stimulus as well as theme for the Javanese Language Congress which President Suharto opened in Semarang, on the north coast of Central Java, in July of 1991. (Errington, 1992)

Officially started in 2008, Kampoeng BNI is implemented in the relatively advanced context of socio-cultural development in Indonesia, as compared to the abovementioned Errington's explanation in the year of 1992 (the era of President Soeharto's New Order or also popular with the name of 'Development Order'). The number of the country's population has largely increased, as well as the impact of cultural contestation internally (between ethnics inside Indonesia) and externally (the intrusion of transnational cultural impact).

Interestingly, many other villages with various socio-religious-economic background in Indonesia who are willing to accept Kampoeng BNI (including the publication at the entry sign gate); except Rawa Belong. Instead of frontally publishing the success stories of Kampoeng BNI in many other areas through this thesis, the researcher found the predicament of Kampoeng BNI in Rawa Belong as an intriguing phenomenon to be learned. By the time this thesis was written, the case of "Kampoeng BNI" in Rawa Belong appeared to stand alone irrespective of the other areas that were relatively successful, widely covered by the media, and attracting the attention of top level authority; which resulted in the enhancement of the company's reputation. Cultural hinderance, and also the social complexity within the enactment of CSR in Rawa Belong seemed to be the ultimate obstacles. At this point, the researcher sensed some interesting lessons to be learned. It is especially about the problem in preserving the mutual understanding and public acceptance in the context of CSR contribution to reputation management.

With this regard, the publication in the news article appears to be an iceberg of a set of hard works in real implementation. If the field practice is relatively stable, therefore the reputation risk on media can be anticipated. If the field implementation is problematic, it is potential to trigger negative publicity, and hence threatening the corporate image and reputation at large. At this point, the linkage between a company and its impacted public seems to be one of the most vital elements in conducting a good CSR implementation. Therefore, a vulnerable linkage is prone to trigger negative news feed and hence threaten the corporate image and reputation. Not to mention the direct risk from the negative perception (or even rejection) in the eyes of impacted public.

Indeed, being trapped in a conflict with the impacted public itself is even more vulnerable for the balanced interactivity between both sides. Not only does it intrigue the negative impact for the company, the conflict may also possibly annihilate the chance of the impacted public to obtain potential aids and other upcoming advantages in the future. So what matters most is the company's flexibility in abducting the indigenous narratives / local wisdoms, in order to prevent any conflict with the public.

However, insofar has the researcher learned, there are not enough studies that highlighted the importance of indigenous narratives in CSR. Be it in the context of reputation management or even in the context stakeholder management. So, what is lacking here is the understanding of the indigenous narratives or the problem of understanding the phenomena of indigenous cultural attribution in CSR initiatives. This reflects to the bigger problem of CSR practices.

In the early stage of the development of CSR concept, for instance, none of the scholars put any attempt to include the importance of understanding indigenous narratives in their studies. Howard Bowen (1953, in Carroll 1999) highlighted the ground breaking understanding that business decision will nevertheless have an effect to the society. Bowen's argument is important, since it reflects the moral pressure for business owners to start showing empathy of and be adaptable with the local values. However, it is still company centered and may lead to the important question on the balanced interactivity between the company and its impacted public in the field implementation of CSR.

Further, Archie B. Carroll embarked on the idea of the Pyramid of CSR that underlined the levels of responsibility that encapsulates four fundamentals: economic

responsibilities as the basic of all responsibilities, legal responsibilities, ethical responsibilities, and philanthropic responsibilities (Carroll, 1991). However, the structured model of the pyramid seemed to have a vacuum in providing the space for companies to provide more endeavors in order to understand the narratives among the social layers of the impacted publics. The levels of 'ethical responsibilities' and 'philanthropic responsibilities' for instance, does not exactly reflect the need for companies to understand the indigenous narratives.

Further, the evolution of CSR theories in contemporary studies also seemed to have the similar vacuum: lack of discussion on indigenous narratives in the context of CSR interactivity between a company and its impacted public. John Elkington, another contemporary theorist of CSR embraced the idea of sustainability. In between 1994 - 1998, he embarked on the idea of 'Triple Bottom Line (or known as the 3P)' (John Elkington in Visser, et. al., 2007). Elkington's idea was important as business must also provide real contribution towards the sustainability of People (social sustainability), Planet (environment sustainability), and Profit or Prosperity (economic sustainability). However, this idea does not touch the details of interactivity of CSR and the local public that imposes the importance of understanding the indigenous narratives.

More specifically, the studies of CSR were also found in communication field. However, it also seemed to have the similar vacuum: the discussion about indigenous narratives in the context of CSR interactivity between the company and its impacted public is not emphasized. Scholars in the studies of CSR in marketing/business communication that includes the work of Kotler & Lee (2005), for instance, mainly provide the arguments of how CSR improves the business profitability and return on

investment. Further, scholars in the studies of CSR and reputation management (such as Fombrun (2004 & 2005)) as well as scholars in the studies of 'communicating CSR' (such as Walter, Lutz, and Weits (2009)) also did not specifically discuss the aspect of indigenous narrative and other narratives among the public in the context of CSR interactivity.

Therefore, analyzing the problem of Kampoeng BNI program in Rawa Belong has a significant heuristic value that contribute to the academic studies in the future. Practically, it is also important for the future implementation in BNI and any other companies who are encumbered with the similar problems.

Foreseeing the description above, below are the research questions of this thesis⁴:

1. How do BNI officials understand Kampoeng BNI?
2. How do the impacted publics of Rawa Belong understand Kampoeng BNI?
3. What are the drivers of perceptions and the types of the public in the interactivity of BNI and Rawa Belong community through CSR program (Kampoeng BNI)?

⁴ In the formulation of the research questions and objectives, this thesis adopts the arguments of Daymon & Holloway (2002: 23) who stated that qualitative researchers usually starts out with a *how* or a *what* question. Meanwhile, the *why* questions are more likely to be found in quantitative researches, especially in relation to the interest of studying cause and effect; however, the *why* questions are also sometimes found in qualitative researches. Further, Daymon & Holloway argued that qualitative research seeks to identify how people interact with they world (what they do), and how they experience and understand their world. The research questions of this thesis are designed to delve more specific data about the perception of the BNI officials and the perception of the impacted publics in Rawa Belong - in vice versa, in lieu of the conundrum of Kampoeng BNI in Rawa Belong area that involve both sides; as well as to seek for the drivers and the map of the narratives in the field, in the framework of CSR Interactivity. These questions are emphasized in the thesis objectives.

1.5. Research Objectives

1. To analyze the perception of the BNI officials towards the program Kampoeng BNI, especially in the context of Rawa Belong.
2. To analyze the perception of the impacted public in Rawa Belong; including the community leaders, the traders, and the public at large.
3. To map out the various narratives, indigenous or otherwise, and construct a framework of CSR interactivity between BNI and the public of Rawa Belong.

1.6. Significance of the Study

This thesis is focused on the discussion of this thesis are in the areas of: perception in the main context of the conundrum of CSR interactivity between a company and its impacted publics, in the context of CSR and reputation management study. Subsequently, this thesis also discusses the conflicting of cultures - most especially the 'abstract' or the 'hidden' layer of culture that captures values, norms, beliefs, and traditions - between both sides; that is manifested in the conflict of understanding the CSR program in particular, preceded by the conflict of interpretation of '*harga diri*' (self dignity) between both sides. Thus, this thesis discusses the importance to embrace the indigenous narratives in the study of CSR.

Of all the studies found that linked CSR and communication, this thesis is proposed to fulfill the academic vacuum in at least three aspects. First, some studies tried to argue on the topic of 'communicating CSR'. In this regards, this thesis argues that CSR is a manifestation of the communication process itself, in the context of a

balanced interactivity between a company and its public; and hence to gain mutual understanding between both sides. Communication, then, is not merely just used as a peripheral tool to bridge the CSR program and the public.

Second, there is relatively lack of researchers who adopted the narrative of indigenous culture in their studies, ultimately in CSR discussion that is related with reputation management. Furthermore, there is also relatively lack of discussions about an importance of embracing local wisdoms in practicing their CSR program.

Third, there was relatively lack of scholars who discussed about the subjective bias in the conflict between the indigenous narrative of local villagers and the settlers' economic/business narratives. Most studies found are in quantitative perspective. Therefore, this thesis suggests some important ideas to fulfill the academic vacuum.

1.7. Chapters Outline

Chapter One: Introduction

This chapter contains of the research background. Furthermore, it reflects the research questions and research objectives. It also highlights the significance of the research, that reveals the academic vacuum to be fulfilled.

Chapter Two: Literature Review

This chapter discusses the thoughts from previous scholars that influence the researcher's knowledge and understanding. Theories and scholarly journals in this chapter are mainly used as the guidance in to gain comprehensive understanding about the phenomenon of Kampoeng BNI in Rawa Belong. The work of Berger and

Luckmann in 1966 (cited by Littlejohn, 2002) on Social Construction of Reality is one of the theories used to guide researcher in attempt to understand the different perceived realities about the case held by the officials of Bank BNI and the impacted public in Rawa Belong.

Further, the adoption of Coorientation model (Cutlip, Center, and Broom, 2000) was important to guide the researcher in understanding how the organization and the public view Kampoeng BNI in Rawa Belong. It also guides this thesis with the importance of 'agreement and understanding' between the two parts (the company and its public). Hence, it leads to the more specific discussion of interactivity and 'CSR interactivity' at the end of the chapter. Some fundamental points of theoretical vacuum were found; and hence it becomes the essence of this research to fill the vacuum.

The discussions of stakeholder theory and morality of management are also included in this section, that leads to the understanding about CSR and its relation with ethics and culture. Furthermore, in relation to the banking and financial industry, this chapter also discusses previous studies found about CSR in banking industry. In adoption to Indonesia's two main lines of banking business, Islamic and Non-Islamic banks, the discussion of CSR in banking industry categorizes the literature about CSR applied in conventional banks (non-Islamic banks) and in Islamic financial institutions (mainly among the Islamic banks). More specifically, this chapter also discusses about CSR implementation in Indonesia, that is inextricably related with the mandate for companies to conduct CSR in the country's regulation. Also, the previous research on BNI that triggered the researcher to elaborate a specific understanding throughout this thesis. In the previous research of BNI, CSR became one of the significant efforts of

BNI to restore its image in the crisis aftermath during the year of 2003-2004; before they eventually composed a bundled CSR program called Kampoeng BNI in 2008.

Chapter Three: Research Methodology

This chapter mainly discusses the strategy of case study in the perspective of qualitative research method that is adopted in this thesis. It contains of the epistemology of philosophical thoughts in qualitative paradigms, including the major thoughts in the method of qualitative case study as the research strategy, as well as the parts that shows the techniques of data gathering and analysis.

Chapter Four: The Conflicting Interpretation of *Harga Diri* (The Dignity) Between BNI and Rawa Belong Villagers

This chapter is inextricably related with the next Chapter 5. In this chapter, the main discussion is about both parts (BNI officials and Rawa Belong villagers) perceive that they hold such dignified heritage and achievements (it includes the values, norms, as well as the pride of historical and economic track records). Indeed, it becomes the fundamental background that precedes the main discussion in Chapter 5 about the conflict and polarization of perception between BNI officials and Rawa Belong villagers in understanding the program of Kampoeng BNI; as well as contributes to the illustration of the interaction between BNI and its diverse impacted publics in reflection section.

In order to gain a comprehensive understanding, the researcher tried to delve the historical root of both sides. The dignified profile possessed by both sides becomes the key driver that eventually shaped the perceived image and pride of the people inside each group (both BNI officials and Rawa Belong villagers). Nevertheless, this chapter is an important baseline analysis to understand the polarization and the conflict of perceptions about Kampoeng BNI in Rawa Belong; and hence to fulfill the research objectives. The following parts of this chapter portray how each side perceived and reflected themselves towards the case of Kampoeng BNI in Rawa Belong. In this regard, it is inevitably related with the interpretation of 'self dignity' as an institution (BNI) and also as a cultural group (Rawa Belong). In other words, the way they perceive Kampoeng BNI is nevertheless based on how they perceived their own 'dignified-profiles'. Bank BNI, on the one hand, has a rampant reputation as a former central bank of Indonesia that eventually became a state-owned commercial bank with international recognition.

On the other hand, Rawa Belong is also buoyed by its dignified history in Indonesia. Having a strong heritage as the village of the legendary national hero named “Si Pitung”, Rawa Belong village also has a regional/international recognition with its three fundamental aspects: religiosity (the home of “Kiyai”), martial arts (Silat Cingkrik Rawa Belong), and the flower market named as Pasar Kembang Rawa Belong. These aspects, then, lead to the conflicting situation in the field in the context of Kampoeng BNI program.

Chapter Five: The Conflicting Interpretation of Kampoeng BNI in Rawa Belong

As previously mentioned in chapter one, the research objective number one of this thesis is *to analyze the perception of the BNI officials towards the program Kampoeng BNI, especially in the context of Rawa Belong*. Further, the research objective number two of this thesis is *to analyze the perception of the impacted public in Rawa Belong; including the community leaders, the traders, and the public at large*.

Preceded by the conflict of perceiving the dignity between each part (BNI officials and Rawa Belong villagers) explained in Chapter 4, this chapter attempts to answer the research questions and research objectives number one and two; with a main discussion about the conflict of interpretation in perceiving the Kampoeng BNI program between the BNI officials and the impacted publics in Rawa Belong villagers. Indeed, the researcher found an interestingly unique phenomenon in the field. In general, the researcher found a divergence of perspective between BNI officials and the impacted publics. On one side, the BNI officials view the word *kampoeng* in “Kampoeng BNI” as a part of the brand name of their CSR Program. As a matter of fact, Kampoeng BNI has been established throughout Indonesia and relatively redeemed positive feedback from the impacted public. Further, it also enhanced international recognition of the bank. In Kamasan, Bali, BNI managed to communicate with local villagers who resisted the idea of “Kampoeng BNI”, as it was considered to be too related with Muslims. However, the heterogeneity and rejection of the villagers in Rawa Belong had made the case was even more challenging. Meanwhile, on the other side, the word *kampoeng* seemed to be sensitive for the Rawa Belong villagers. Using the old spelling of Bahasa Indonesia, it is phonetically similar with the current word *kampung* which literally means ‘village’. Therefore, the villagers mainly perceived that BNI officials were intended to change the

name of their village. It is, however, totally forbidden whereas Rawa Belong has a dignified historical background (as discussed in previous chapter).

Notwithstanding, the divergence also appeared among the impacted publics. The *betawi* villagers, especially the local artists and the cultural leaders, seemed to clearly reject the idea of Kampoeng BNI. However, through the second visit to Rawa Belong, the researcher found three other categories. First, there are some *betawi* traders who have their cultural bias but still balanced with the economic realities. Second, there are some non-*betawi* traders who are disappointed with the disappearance of Kampoeng BNI. Third, there are some traders (and also some non-traders) who set their neutral standpoint by claiming that they know nothing about Kampoeng BNI.

Therefore, insofar has the researcher conducted some dialogues with people in the field, the divergence of perception was also divided into four main categories among the impacted publics of Kampoeng BNI.

Moreover, this chapter also includes a part of 'Reflection' that leads to the fulfillment of research objective number 3: *to map out the various narratives, indigenous or otherwise, and construct a framework of CSR interactivity between BNI and the public of Rawa Belong.*

Chapter Six: Conclusion & Recommendation

The objectives of this thesis are: *1. To analyze the perception of the BNI officials towards the program Kampoeng BNI, especially in the context of Rawa Belong; 2. To analyze the perception of the impacted public in Rawa Belong; including the community leaders, the traders, and the public at large; 3. To map out the various narratives,*